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COMMENTS OF THE SONOMA CLEAN POWER AUTHORITY ON LOW CARBON FUEL STANDARD DRAFT REGULATIONS

The Sonoma Clean Power Authority (SCPA)[1] submits these comments in response to the draft Low Carbon Fuel Standard ("LCFS") regulatory amendments discussed at the June 2nd, 2016 Air Resources Board ("ARB") workshop. As long as cars, trucks, and buses burn gasoline or diesel as their primary fuels, California will be limited in the extent to which it can significantly reduce GHG emissions. For example, in Sonoma County, about 52% of GHG emissions are from transportation.[2] SCPA sees transportation electrification – shifting the primary vehicle power supply to electricity – as absolutely critical to California's GHG reduction efforts. By designing transportation electrification infrastructure to take advantage of the load-shifting (and storage) capabilities of large numbers of electric vehicles, shifting from gas/diesel vehicles to EVs can also facilitate the development of higher levels of renewable generation (particularly solar). SCPA appreciates and supports the goals of the LCFS to drive innovation and deployment in EVs. However, as discussed below, the proposed regulatory amendments would have the unintended consequence of limiting residential EV charging in the service territories of Community Choice Aggregators by solely crediting the electric distribution utility. To address these issues, the ARB should revise Section 95483(e)(1) to credit residential charging where credit is due. The ARB should refine Section 95483(e)(1) to allow both Electric Distribution Utilities and Community Choice Aggregators to generate LCFS credits for EV charging in the residential sector.

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[1] SCPA is a California joint powers authority operating a CCA program in Sonoma County. SCPA is the second operational CCA program in California, and currently serves about 198,000 accounts encompassing a population of approximately 450,000, which includes all of Sonoma County except for the City of Healdsburg, which has its own municipal utility. SCPA is governed by a nine-member Board of Directors comprised of appointees from the participating cities and the County of Sonoma. SCPA provides its customers with stable and competitive electric rates, providing a power portfolio with a higher renewable content (and lower greenhouse-gas emissions) than the incumbent utility. The reduction of greenhouse gas emissions in Sonoma County is one of the primary reasons for SCPA's formation, under the joint powers agreement that formed SCPA. The electricity provided by SCPA to its customers exceeds the current Renewable Portfolio Standard requirements (supplied mainly by geothermal, wind, and photovoltaic sources), and almost 80% of the supply is from renewable or carbon free sources (such as large hydropower). SCPA has contracted for sufficient renewable sources to achieve 50% RPS in 2020, ten years ahead of the State's requirements.

[2] Climate Action 2020: Community Climate Action Plan, Public Draft at 2-12 (Sonoma County Regional Climate Protection Authority, March 2016).

Community choice aggregation ("CCA") entities such as SCPA should play a central role in transportation electrification efforts. SCPA, like many CCA entities, has the reduction of GHG emissions enshrined in its enabling document as one of its main goals. As an entity that arose out of local community efforts, and is governed by a board comprised of local community leaders, SCPA can bring local knowledge, expertise, and support to efforts to encourage and incentivize fuel-switching. Because SCPA's generation mix is almost 80% carbon-free, powering vehicles with electricity provided by SCPA will advance GHG reduction goals even more quickly.

Toward this end, SCPA is developing a program called Drive EverGreen, in partnership with the Sonoma County Water Agency, Sonoma County Transportataion Agency, Sonoma County Regional Climate Protection Agency, the California ISO, and Lawrence Berkeley National Laboratory, with the goal of putting 10,000 electric vehicles on the road in Sonoma County by 2020. Drive EverGreen would be a multi-pronged program to facilitate and encourage residents to shift to electric vehicles. The generation of LCFS Credits would provide a significant boost to the Drive EverGreen program. However, as proposed, SCPA would not be eligible to generate LCFS Credits for residential vehicle electrification. Under Section 95843(e)(1), only the incumbent electric distribution utility ("EDU") would be eligible to generate credits for EV charging in SCP's retail service territory. The proposed amendments would "double down" on this limitation by clarifying that the EDU is the "only entity" that can generate credits for residential EV charging.

It is unclear what, if any purpose the limitation in Section 95843(e)(1) serves. During the June 2, 2016 workshop, the ARB staff did not explain the limitation, but offered two rationales for why staff is reluctant to propose changes to the limitation. First, the ARB staff believes the CPUC is very close to completing an EV charging rebate program and the ARB staff believes that the provision of LCFS credits to CCAs would complicate and possibly delay this effort. Second, CCA customers are eligible to apply to the EDU for bill credits for EV charging under the CPUC's proposed program.

SCPA respectfully disagrees that either rationale supports the limitations in Section 95843(e)(1). First, the programmatic changes necessary to put CCAs on equal footing with the EDUs should be relatively simple and would not limit the IOUs from implementing rebate programs with respect to non-CCA customers. Any administrative changes necessary to equitably allocate LCFS credits to CCAs could be efficiently and transparently administered by a third party administrator. Third party administrators have already successfully implemented numerous public programs related to transportation electrficiation incentives in IOU service territories. Second, the ability of a CCA customer to apply for an EV rebate does not address SCPA's fundamental concern that revisions in Section 95843(e)(1) put CCAs and IOUs on unequal footing and unneccesarily limit the achievement of the LCFS program goals.

Because CCAs are close to and familiar with the public agencies, businesses, and communities whose engagement is critical to the roll-out of EV charging programs, CCAs must lead the development and implementation of EV charging programs in CCA service territories. By providing credits directly to the CCAs, the CCAs will be better able to invest in their service territories, leading to greater EV deployment. Put simply, there is no policy rationale for the limits in Section 95843(e)(1), and these limits will have the unintended consequence of the state not fully realizing the potential EV deployment in CCA service territories.

In order to put the CCAs on equal footing with the EDUs under the LCFS program, the ARB staff should modify Section 95843(e)(1) as follows:

> "For on-road transportation fuel supplied through electric vehicle (EV) charging in a single- or multi-family residence, the Electrical Distribution Utility is the sole party eligible to generate credits in its service territory, except that in jurisdictions served by a Community Choice Aggregator, the Community Choice Aggregator is also eligible to generate credits in its service territory. To receive such credits, the Electrical Distribution Utility or Community Choice Aggregator, as applicable, must . . .
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> (A) Use all credit proceeds to benefit current or future EV customers;
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> (B) Educate the public on the benefits of EV transportation (including environmental benefits and costs of EV charging, or total cost of ownership, as compared to gasoline);
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> (C) Provide rate options that encourage off-peak charging and minimize adverse impacts to the electrical grid; and
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> (D) Include in annual compliance reporting the following supplementalinformation: an itemized summary of efforts to meet requirements (A) through (C) above and costs associated with meeting the requirements. For investor-owned utilities, this requirement may be satisfied by supplying a copy of the annual implementation report required under Order 4 of Public Utilities Commission of California (PUC) Decision 14-12-083, or any successor PUC Decisions.

These proposed revisions would enable CCAs to expand EV charging programs in their service territories consistent with the goals of the LCFS. These revisions would equitably allocated LCFS credits in CCA service territories by ensuring that credits are allocated where credits are due.

SCPA appreciates the opportunity to provide these comments and welcomes the opportunity to discuss these comments at greater length. Please do not hesitate to contact me at the information listed below.

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Respectfully submitted,

/s/

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